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Panels to Probe Afghan Arms Fund

CIA-Run Swiss Account Will Be Examined for Possible Misuse or Diversion

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Senate and House committees are planning to investigate the possible misuse or diversion of funds in a CIA-run Swiss bank account that received more than \$500 million for the purchase of arms for the Afghan rebels, according to congressional sources.

The inquiries have been sparked by the current Iran-contra scandal, in which millions of dollars generated by U.S. arms sales to Iran vanished after being disbursed to arms dealers and other middlemen. Attorney General Edwin Meese III said some of that money went to aid the Nicaraguan rebels, but congressional investigators have had trouble tracking it.

The Swiss account for the Afghan rebels was established two years ago with a promise of \$250 million each from the United States and Saudi Arabia. The money was to be used to pay for Soviet, Chinese and other arms and to ship them to the rebels over circuitous routes.

Some members of Congress and key government officials responsible for monitoring the program have been concerned for more than a year that "there may have been some skimming," one source involved in the program said yesterday.

Others worry that the Central Intelligence Agency does not have enough people to monitor the funds once money goes to intermediaries, according to a congressional source. "This is a large operation and there are only a few people running it," one administration official said.

According to sources, some CIA officials have argued that they don't need many people monitoring the program because of their experience with covert arms purchasing.

But other agency officials have argued against undertaking management of big paramilitary programs, such as Afghanistan and the contras, on the grounds that the agency does not have the personnel to control the ultimate use of funds and such operations cannot be kept secret.

Last January, Lt. Col. Oliver L. North Jr., who was then a National Security Council aide, told CIA officials to use the U.S.-Saudi account for the Afghan rebels to handle the first funds from the Iran arms sales when the agency could not establish a new Swiss account fast enough to meet North's needs, according to the draft staff report of the Senate Select Committee on Intelligence.

CIA Director William J. Casey has told Congress that the funds were briefly com-

mingled, and an agency spokesman said last month that the money was passed on to the Pentagon to pay for weapons sold to the Iranians.

The investigating panels—the House Permanent Select Committee on Intelligence and the new Senate committee organizing to probe the Iran arms dealing—will also look into use of the Swiss account and other covert funds to pay for consultants called in to train Afghan rebels and other freedom fighters in the use of U.S. and foreign weapons, sources said.

The rapid increase in the amount of clandestine funds voted for Afghan rebels fighting against Soviet forces in their country would be "reason enough" for the inquiry, according to one member of the House intelligence committee.

From a level of \$280 million in fiscal 1985, the CIA budget allocation for Afghan freedom fighters grew to \$470 million in fiscal 1986 and \$630 million in the current fiscal year.

On Nov. 27, 1985, The New York Times reported that former representative John LeBoutillier (R-N.Y.) said Jonathan Jay Pollard, who was convicted of spying for Israel, told him that he had evidence that the CIA was diverting Afghan funds to support the contras. LeBoutillier went on to say that such statements by Pollard made him realize "I was dealing . . . with a guy who was full of hot air, full of exaggeration."

When congressional investigators last November traced those first Iranian arms purchase funds to the U.S.-Saudi account, they began making broader inquiries as to how the money that passed through that account was used, according to congressional sources. One House member, aware of the account, plans to request that it be audited, a congressional source said.

State and Defense Department officials, who have overseen the development of the fast-expanding covert arms program, have themselves questioned how the large sums have been spent, since Afghan rebel leaders until recently complained they were not receiving enough equipment.

"We were concerned about the money getting there," one administration source said, adding that the Afghan rebels recently have picked up the pace of fighting with the arrival of more equipment.

The possibility that some weapons purchased with covert money allocated for Afghanistan were sent to the contras was raised yesterday by Andrew Eiva, director of the Federation for American-Afghanistan Action.

Eiva said that in January 1985, \$50 million was taken from the CIA's Afghan account to purchase 40 Swiss-made Oerlikon 20-mm automatic weapons to be shipped to the rebels inside Afghanistan. To date, he said, only 11 have reached the Afghan forces.

Eiva said congressional inquiries into the Afghan CIA account were "well overdue," adding that his analysis showed that given the large appropriations of the past three years, up to 50 percent of the money does not appear to have reached Afghanistan in the form of equipment.

The committees will also study whether the Soviet-made and other foreign equipment purchased was in workable condition when it reached the rebels. "We had a lot of problems last year with weapons that did not work," a former Pentagon official said recently.

The committees also want to look into whether the middlemen and arms dealers in the Iran and contra programs were also used in the much larger Afghan operation.

Retired Air Force major general Richard V. Secord, who once ran the Pentagon's military assistance program, provided services both in the contra resupply operation and in handling funds and arranging deliveries in the Iran arms sales, according to the Senate draft report.

Two former CIA officials who have in the past worked on arms purchases, Robert T. Shackley and Thomas Clines, have also been mentioned in recent news stories dealing with the Iran-contra affair.

Clines was identified by The Wall Street Journal as having helped North in a hostage release effort. Shackley was reported by The New York Times as having encouraged 1984-5 efforts to obtain the release of a former colleague, CIA agent William Buckley, who was taken hostage in Lebanon by pro-Iranian extremists and is reported to be dead.